

An Exploratory Study on Consumer Psychological Contracts

Jingyi Wang¹⁾, Hongping Sun²⁾

Management School, Guangdong University of Business Studies, Guangzhou, China, 510320
1) wjydz@163.com 2) Sunny069@163.com

Abstract

The concept of the psychological contract is widely applied in organizational research. This article explores the consumer psychological contract in marketing context. Some situations are designed in a questionnaire and the data are analyzed. The findings show that whether the consumer expectation belonging to a psychological contract depends on the consumer's attribution. A psychological contract breach may result in consumer's intention of keeping away from the enterprise. And the recovery effort has a significant positive relation with the recovery effect of a violated consumer psychological contract. The research also implies that consumer psychological contract is close related with marketing environment.

Key Words Consumer psychological contract, expectation, psychological contract breach, marketing environment

1. Introduction

The earliest conception of psychological contracts was defined as the shared perceptions between employees and employers regarding what each party owed the other in the employment relationship (e.g. Argyris, 1960[1]; Kotter, 1973[2]). More recent work has defined the psychological contract as an individual's perception of what he owes the employer and the inducements the individual believes that he is owed in return (Rousseau, 1989) [3]. Although a psychological contract is often implied, informal and nonwritten, it is an important factor affecting the employee psychological behavior. In recent years, since the drastic changes of employment relationship, psychological contract is widely applied in organizational research and Human Resource management.

On the other hand, there appears a trend to apply the psychological contract to other fields. This is very inevitable since psychological contracts is based on the expectations of reciprocal obligations, it is reasonable to transplant it to other situations regarding reciprocal exchanges. Roehling (1997) figured that although the psychological contract was initially used for describing employment relationship, it has been used to describe many kinds of relationships currently[4]. Lusch & Brown (1996) was concerned about psychological contracts between channel members[5]. Blancero & Ellram (1997) applied the conception in strategic partnership study. Moreover, they predicted psychological contracts in marketing relationship[6]. In China, Luo Haicheng(2005) designed a measurement scale for testing the existence of psychological contracts in marketing context [7]. Consistent with the research in HR, his study educed that psychological contracts also can be divided into transactional and relational elements in marketing context.

Undoubtedly, understanding the psychological contract in enterprise-consumer relationship will help the enterprise improving service and marketing performance. However, little has been studied in this field, and much need to be explored. This research will aims to some questions of a consumer psychological contract based on marketing context.

2. Hypotheses

2.1 A consumer expectation and a consumer psychological contract

According to the conception in organizational field, and concerning the perspective of consumers at the same time, this research simply defines a consumer psychological contract as a consumer's individual perception of the enterprise's obligations and responsibilities. In other words, it is the consumer's individual beliefs and expectations to the enterprise. But a consumer psychological contract is not equal to the consumer expectation. Rousseau (1998) pointed it out that key to assessment of a psychological contract is the distinction between it and the broader concept of expectation[8]. Although all psychological contracts entail expectations that a person or firm will act in a particular way, not all expectations are contractual. Expectation is a far broader concept than psychological contract, entailing not only beliefs based upon promises but also other expectations arising from causal reasoning or descriptive beliefs as found in research on organizational climate.

And whether a expectation is a psychological contract can be judged from individual emotional experiences when he

perceived a breach. Because violating psychological contract-based obligations can engender more intense and emotionally salient reactions than does failing to live up to other forms of expectations (Rousseau, 1989; Robinson, 1996) [3] [9]. These researches should be also applicable in marketing context.

What's more, we suppose that whether a expectation forms a psychological contract or not, is connected with the consumer's attribution. If the consumer attributes his expectation to the enterprise's specific or implicit promises, or he believe that it is "what the enterprise should do normally", then this expectation can be recognized as a psychological contract. here this kind of attribution is defined as extrinsic. In this condition, if the enterprise fail to act as consumer's expectation, the consumer will be dissatisfied, even angry, which means the consumer's psychological contract breach. If the consumer attributes his expectation to his own subjective thought or hope, which is defined as intrinsic, then this expectation is not a psychological contract. And in this condition the consumer will not feel intense negative emotional experiences when the enterprise fail to act as his expectation. So, here are two hypotheses.

Hypothesis 1, When a consumer's expectation fails to be satisfied, his emotional experience differs with his attribution of this expectation.

Hypothesis 2, If a consumer's attribution of his expectation is extrinsic, then the expectation is a psychological contract.

2.2 A psychological contract breach, the recovery effort of enterprise and the consumer psychological behavior

Psychological contract breach arises when an employee perceives that his or her organization has failed to fulfill one or more of the obligations comprising the psychological contract (Morrison & Robinson, 1997; Robinson, 1996) [9] [10]. The study of psychological contract breach is of great practical significance, because violating psychological contract can result in negative consequences on consumer attitudes and behaviors, which may reduce consumer satisfaction and accordingly affect the marketing performance. Of course, if the enterprise can make an effort for recovery, the consumer's reaction may be influenced more or less. Here are two hypotheses.

Hypothesis 3, When a psychological contract goes unfulfilled, the consumer intends to quit without any recovery effort of the enterprise.

Hypothesis 4, The recovery effect of the consumer psychological contract is positively related to the enterprise's recovery effort.

2.3 A consumer psychological contract and the marketing environment

Another interesting but complicated characteristic of psychological contract lies in its dynamic and variability, which is different from the formal economic contract that is specific and stable. The forming of a consumer psychological contract is affected by many factors, especially marketing environment.

Hypothesis 5, A consumer psychological contract is related with marketing environment.

3. Method

3.1 Measures

According to Rousseau(1998), subjective or self-reported measures are the most direct source of information on the nature and content of the psychological contract[8]. So some marketing contexts are designed for testing above hypotheses. Using a 1 to 5 scale, participants responded to a series of items asking them to describe their feelings and ideas in such conditions. The questionnaire was pre-tested before formal inquiry. 40 consumers are investigated and 35 returned. Analyzing showed Cronbach α coefficient was more than 0.7. Then, some amendments are taken on this basis. The marketing contexts items and scales are as follows.

Situation 1, One day you find a favorite garment in a shop, and want to buy it another day. But when you go there the second day, you are told that the garment are sold out. Choose the option which most fits to describe your feeling at the moment: (1)whatever,(2) disappointed,(3) feel displeased,(4) angry,(5) very angry.

Situation 2(continue with **Situation 1**), The shop phones you that the garment is replenished. The second day, when you reach there, the seller tells you the garment was sold out again. Choose the option which most fits to describes your feeling at the moment: scales same with **Situation 1**.

If your choice of Situation 2 is (3),(4)or (5), please continue to Situation 3,4,5 and 6 respectively.

Situation 3, The shop did nothing for your displeasure, and you have no choice but to leave. A few days later, when you accidentally see another favorite garment in that shop, whether you will buy it or not: (1)yes, if only I like it, (2) uncertain,(3)look for substitutes in other shops and try to avoid purchasing in this shop, (4) I will not buy in this shop absolutely,(5) even tell my friends to keep away from this shop.

Situation 4, Perceiving your displeasure, the seller says sorry to you cordially and beg your pardon. You will feel: (1) very satisfied, (2) satisfied, (3) displeasure disappeared, (4) still feel a little displeased, (5)still feel angry. Using reverse

scoring.

Situation 5, Perceiving your displeasure, the seller says sorry to you cordially and promises that they will provide you home delivery as soon as the garment is replenished again. You will feel: scales same with **Situation 4**.

Situation 6, Perceiving your displeasure, the seller says sorry to you cordially and promises that they will not only provide you home delivery as soon as the garment is replenished again, but also give you an additional discount. You will feel: scales same with **Situation 4**.

Situation 7, If you go to a slap-up restaurant, please choice: the lowest level of the meal quality you can accept, the highest price that you can accept, the lowest service quality you can accept, the lowest service efficiency you can accept, the worst dining environment you can accept: (1) very low, (2) low, (3) ordinary, (4) high, (5)very high.

Situation 8, If you go to an ordinary restaurant, please choice: items and scales same with **Situation 7**.

3.2 Sample

Two hundred sixty consumers in Guangzhou were invited to the survey. One hundred and thirty-seven surveys were returned, yielding a response rate of 53%. The ages of the participants are from 18 to 44. The education of the participants is above high school degree. The sample was 56% male and 44% female.

3.3 Analyses

The data was analyzed using SPSS software. Reliability and validity analysis of some items are presented in Table 1. Cronbach's alpha for the items were more than .70, which indicated a good internal consistency. And confirmatory factor analysis also showed a good construct validity.

Table 1 Internal consistency and confirmatory factor analyses

Problems and measures	Cronbach α	Factor loading	Percentage of Variance explained
Relations between the recovery effort and recovery effect: A1 Low recovery effort A2 Mid recovery effort A3 High recovery effort	0.77	0.584 0.780 0.708	69.04%
The consumer psychological contract in different marketing environment: B1 Product quality B2 Product price B3 Service quality B4 Service efficiency B5 Environment quality	0.71	0.65 0.94 0.76 0.60 0.62	70.00%

4. Results and Discussion

4.1 Relations between a consumer expectation and a consumer psychological contract

Take a one-way analysis of variance according to the data of Situation 1 and 2, seen as Table 2. Consumer's emotional experience was taken as a dependent variable, and consumer's attribution of expectation was taken as an independent variable. Using the traditional $p < .05$ level of significance, the results suggest that there is significant difference of consumer's emotional experience for consumer's different attributions of the expectation. Thus, this result provides support for Hypothesis 1.

In the face of unsatisfied expectation, consumers choose different choices describing their emotional experiences under different attributions, as shown in Fig 1. In Situation 1(attributing expectation to intrinsic factor), 85% of the participants just felt disappointed. While in Situation 2(attributing expectation to extrinsic factor), more than 95% of the participants felt displeased or even angry. These results suggest that when a consumer's attribution regarding the origin of his expectation is extrinsic, failure to satisfy the expectation will result in consumer's intense and negative emotional experiences. Accordingly this kind of expectation is a consumer psychological contract. Then, hypothesis 2 is supported.

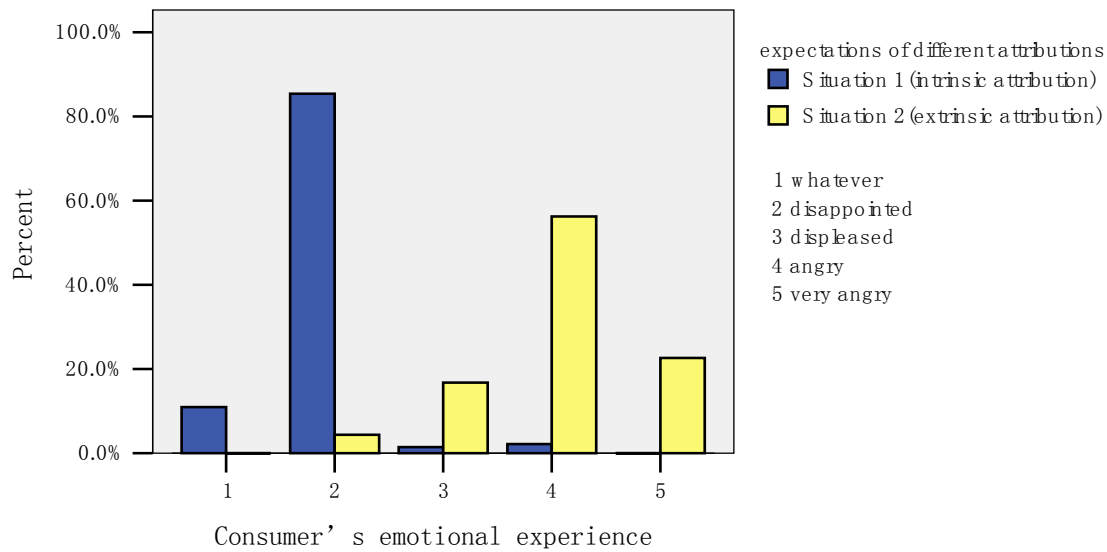


Fig1 Consumer's emotional experience when expectations of different attributions fail to be satisfied

4.2 A psychological contract breach and the consumer behavior of keeping away, the relations between the recovery effort and recovery effect

In Situation 3, if the enterprise made no recovery effort, then, of 131 consumers who perceived violating of psychological contract(those who chose 3,4 or 5 in Situation 2), only 22% reported that it had no effect on his purchase intention in this shop. 11% reported that they would try to look for substitutes in other shops. 34% reported that they would not buy in this shop uncompromisingly, and 17% reported that they will even tell their friends keeping away from the shop. These results suggest that 62% consumers intend to keep away from the shop, which provide some support for Hypotheses 3.

As to Situation 4,5,6, they represent different degrees of recovery effort(low, mid and high) made by the enterprise. Take a correlation analysis between the recovery effort and recovery effect, get the Pearson Correlation Coefficient is .607, using $p < .05$ level of significance. This suggests that there is a significant positive relation between the degree of recovery effort and the recovery effect. That is, when a consumer psychological contract breach appears, the more recovery effort made by the enterprise, the better is the recovery effect of consumer psychological contract. Hypotheses 4 is supported.

4.3 Relation between a consumer psychological contract and the marketing environment

Table 3 Consumer's anticipations with restaurants of different level

	F	Sig.
meal quality	135.852	.000
meal price	126.596	.000
service quality	152.358	.000
service efficiency	60.130	.000
environment quality	222.288	.000

Similar to 4.1, analysis results of Situation 7 and 8 are presented in Table 3. It shows that consumer's psychological anticipations and expectations change greatly with levels of different restaurants. It suggests that the forming of a consumer psychological contract is related with marketing contexts. Thus, Hypothesis 5 is supported.

5. Conclusion

This research discovers relations and differences of consumer psychological contract and consumer expectation, which is basic for further study. The negative impacts of psychological contract breach on consumer attitudes and behaviors is also focused. What's more, it is indicated that there exists a positive relation between enterprise's recovery effort and recovery effect. In addition, this research shows that the forming of a consumer psychological contract is related with

marketing contexts. The findings of this study extend prior research on psychological contracts and are helpful for better understanding of consumer psychology and behavior. But as an exploratory study, this research is not strict enough. The sample units are invited not at random. It needs more amendments in scale designing and sample choosing. But undoubtedly, consumer psychological contract is a very attractive area to be probed. Many problems are to be explored in future research, for example, the forming and change of a consumer psychological contract, factors influencing consumer's behavior when perceiving contract breach, and the relations of psychological contract fulfillment with consumer satisfaction.

References

- [1]Argyris, C. (1960). Understanding organizational behavior. Homewood, IL: The Dorsey Press.
- [2]Kotter, J. P. (1973). The psychological contract: Managing the joining up process. *California Management Review*, 15, 91-99.
- [3]Rousseau, D. M. (1989). Psychological and implied contracts in organizations. *Employee Responsibilities and Rights Journal*, 2, 121-139.
- [4]Roehling M. V. (1997). The Origins and Early Development of the Psychological Contract Construct, *Journal of Management History*.3(2) :204 - 217.
- [5]Lusch R. F. , Brown J . R. (1996). Interdependency, Contracting, and Relational Behavior in Marketing Channels. *Journal of Marketing*, 60(4) : 19 - 38.
- [6]Blancero D. , Ellram L.(1997). Strategic Supplier Partnering : A Psychological Contract Perspective. *International Journal of Physical Distribution & Logistics Management*, 27 (9/10) : 616 - 629.
- [7]Luo haicheng(2005). Comparison of marketing modes of multinational retailing enterprises in the Chinese market and their suggestion. *Business Economics and Administration*, 6, 37—41, 47.
- [8]Rousseau, D. M.,& Tijoriwala, S. A.(1998). Assessing psychological contracts: Issues, alternatives and measures. *Journal of Organizational Behavior*, 19, 679-695
- [9]Robinson, S. L. (1996). Trust and breach of the psychological contract, *Administrative Science Quarterly*, 41, 574-599.
- [10]Morrison, E.W., & Robinson, S. L. 1997. When employees feel betrayed: A model of how psychological contract violation develops. *Academy of Management Review*, 22: 226–256.